

# City of Columbus Income Tax City Tax 101 for Individuals



THE CITY OF  
**COLUMBUS**

OFFICE OF MEGAN N. KILGORE,  
CITY AUDITOR

## Today's objectives

- Meet the Division and your presenters
- Income tax in Columbus
- Municipal income tax 101
  - How the tax works
  - Employer withholding
  - Joint Economic Development Districts
  - What is/is not taxable
- When you need to file with Columbus
- How to file with Columbus
- Upcoming webinars
- Questions
- Housekeeping items

## City of Columbus Income Tax Division

- Administer the income tax for the City of Columbus under City Auditor Megan Kilgore
  - Income Tax Administrator Rasheda Hansard
  - Serve those who live, work, and conduct business in the city
- Your presenters
  - Beth Brink, Chief Administrative Officer
  - Tina Falter, Income Tax Division Assistant Administrator

## Columbus Income Tax

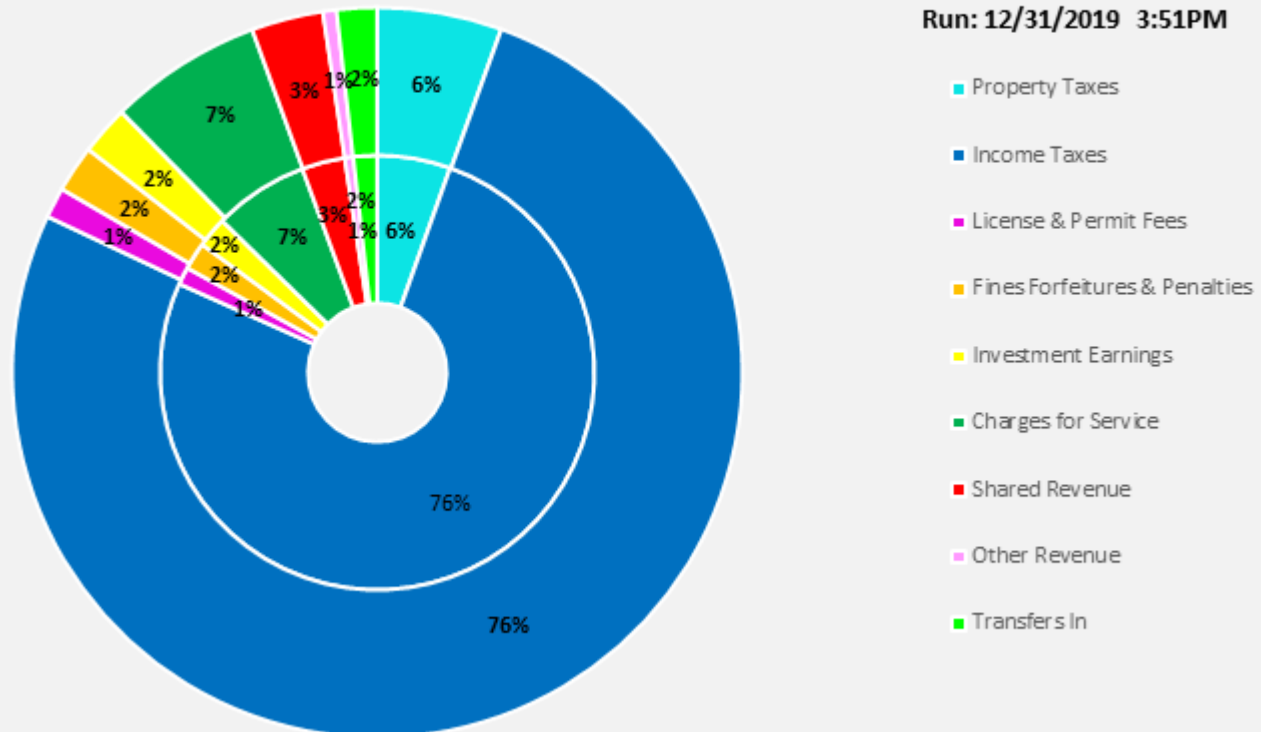
- Columbus rate: 2.5%
  - About \$962.8 million collected in 2019
- This is an investment in city services like:
  - Public Safety
  - Recreation and Parks
  - 311
  - New American Initiatives
- The City's Popular Annual Financial Report is a great resource in seeing what income tax revenue is spent on
- Recently, the City Auditor revised the revenue estimate downward due to projected underperformance in the income tax

# The General Fund

**General Operating Fund Rev Categories (Budget Basis):**  
Outer Ring: 2019 Rev Estimate; Inner Ring: 2019 Actual YTD Rev

**Chart 6**

Accounting Date: 12/31/19;  
Run: 12/31/2019 3:51PM



## How does City tax work?

- Individuals have a responsibility to pay municipal income tax
  - FIRST: to where they work
  - SECOND: to where they live
- Many cities offer a credit to their residents (#2) for tax they paid to the city where they worked (#1)
  - Columbus offers a full credit up to 2.5%
  - Bexley offers a 65% credit up to 2.5%
- A Columbus mailing address doesn't necessarily mean you are a Columbus resident
  - Check property records on Franklin County Auditor's site
  - Contact municipality to confirm
  - Who picks up your trash?

## Employer withholding

- Employers are required to withhold the tax to your work city and **may** withhold additional amounts to your city of residence
- Any additional taxes owed based on residency is the individual's responsibility
  - Your employer may be willing to withhold additional amounts to your resident city (courtesy withholding)
  - If you have an additional liability which is not being withheld, you should file a Declaration of Estimated taxes and make at least quarterly payments (if applicable) to avoid penalty & interest charges

## Joint Economic Development Districts

- A **Joint Economic Development District (JEDD)** is an contractual arrangement in Ohio where one or more municipalities and a township agree to work together to develop township land for commercial or industrial purposes.
- Tax in the JEDD/JEDZ is assessed only against income earned (wages or net profits), residents (if any) are not taxed solely due to residency as with regular municipal taxes.
  - Unless it is required in the contractual agreement
- The tax rate in effect is that of the sponsoring city.
- North Pickaway County and Prairie Township Joint Economic Development Districts
- JEDD returns are processed apart from Columbus returns as the funds are accounted for separately.



## What is taxable for the individual at the local level?

Gross Wages or Net Income earned within the incorporated boundaries of Columbus and Income of Residents, wherever earned. Most common types of income are:

- Qualifying Wages as reported on W-2 (most often Medicare box 5)
- Gambling Income
- Unincorporated Business Income reported on Federal Schedule C, E or F
  - Exception for Schedule C motor vehicle income regulated by PUCO
- Income from Partnerships/Trusts (Residents only)
- Other Compensation- stock options, bonuses, severance, wage continuation, agreements not to compete etc.
- Detailed List on the last page of IR-25 instructions

## What is not taxable for the individual at the local level?

Most common types of income that are not taxable:

- Military pay (including reserve pay)
- Contributions to Section 125 cafeteria plan (e.g. pre-tax employer benefits)
- Third party sick pay
- Gains reported on federal Form 4797
- Capital gains
- Royalties from patents or copyrights
- Social Security/pension income
- State unemployment
- Detailed List on the last page of IR-25 instructions

## You may have to file with Columbus if...

- Columbus doesn't require all residents to file
- You are required to file if you:
  - Work in Columbus and had less than 2.5% withheld from your paycheck
  - Earned income in Columbus that didn't have Columbus withholding
    - Schedule C business income, income from a rental property or partnership, etc.
  - Live in Columbus and were self-employed or owned rental real estate property or partnership income anywhere
    - Even if these businesses resulted in a loss
  - Live in Columbus and work in a city with a tax rate lower than 2.5%
    - E.g. Dublin, Grove City, Hilliard, Westerville

## Example 1:

- I work in Bexley and live in Columbus. My total income from my job is \$50,000.
  - Due to Bexley:
    - $2.5\% * \$50,000 = \$1,250$
  - Due to Columbus:
    - $2.5\% * \$50,000 = \$1,250$
    - Columbus credit (100% of tax paid to work city) = \$1,250
    - $\$1,250 - \$1,250 = \$0$
- Am I required to file a Columbus return? No; you are fully withheld.

## Example 2:

- I work in Columbus and live in Bexley. My total income from my job is \$50,000.
  - Due to Columbus:
    - $2.5\% \times \$50,000 = \$1,250$
  - Due to Bexley:
    - $2.5\% \times \$50,000 = \$1,250$
    - Bexley credit (65% of tax paid to work city) = \$812.50
    - $\$1,250 - \$812.50 = \$437.50$
- Am I required to file a Columbus return? No; you are fully withheld to Columbus.
- Am I required to file a Bexley return? Yes; you still owe \$437.50 to your city of residence.

### Example 3:

- I work in Dublin and live in Columbus. My total income from my job is \$50,000.
  - Due to Dublin:
    - $2.0\% * \$50,000 = \$1,000$
  - Due to Columbus:
    - $2.5\% * \$50,000 = \$1,250$
    - Columbus credit (100% of tax paid to work city) = \$1,000
    - $\$1,250 - \$1,000 = \$250$
- Am I required to file a Columbus return? Yes; you owe \$250 to your city of residence.

## Filing the tax

- Deadline is July 15:
  - 2019 Individual Annual Returns (IR-25)
  - 2020 first and second quarter estimated payments (IR-21, IR-18)
- Columbus Form IR-25 is the annual return
  - Will need your completed federal return
- If you determine that your estimated tax for 2020 will be greater than \$200, you must also file:
  - Form IR-21 – Declaration of Estimated Tax
  - Form IR-18 – Quarterly Statements of Estimated Tax Due
- Forms, instructions, and the EasyFile application are available on our website at [www.columbus.gov/IncomeTaxDivision](http://www.columbus.gov/IncomeTaxDivision)

## Assistance available

- We have suspended our walk-in taxpayer service until further notice
- We are still offering a drop-off return preparation service and Letter of Good Standing service
  - 77 N Front Street – secure drop box in lobby
  - You will need to provide:
    - Copies of W-2's from all employers
    - Copies of any 1099 forms received
    - Copy of Federal 1040 Pages 1 and 2; any attached schedules (e.g. Schedules C, E, or F)
  - Fill out an intake form
  - We will prepare, contact you at your listed information, and send a copy of your return for your records



## Contacting Us

- Many resources on our website
  - Operational updates related to COVID-19
  - FAQs for filing deadline changes, collections, employer updates
  - Forms and resources
  - Chances are if it's not specific to your account, it's on our website!
- You can contact us via phone at 614-645-7370
  - Current phone hours are Monday – Friday 1:00 – 3:00 p.m.
  - For most current hours as we gradually add capacity, visit our website
- Email us at [tax@columbus.gov](mailto:tax@columbus.gov)
  - Will likely receive a quick response with general information as we route your request to a staff member

## Upcoming webinars

- We are offering these webinars ahead of the filing deadline as an additional way to connect with taxpayers
- Upcoming webinars:
  - City Tax for Schedule C Business Owners and Rental Property Owners
    - Friday, July 10 at 12:00 p.m.
- Will offer monthly webinars and send schedule out over our list-serv
  - Have a topic you'd like to see covered? Email [embrink@columbus.gov](mailto:embrink@columbus.gov)

# Questions?



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